

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00

SSO-00 USIE-00 INRE-00 OMB-01 SAB-01 COME-00 EB-07

LAB-04 SIL-01 /065 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 6480

INFO PANCANAL

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C O N F I D E N T I A L PANAMA 0549

E.O. 11652: GDS

TAGS: PINT, PN

SUBJECT: REACTION TO ARRESTS: STATUS REPORT

REF: A) PANAMA 499; B) PANAMA 520

SUMMARY: BUSINESS SHUTDOWN APPEARS TO BE FADING IN PANAMA CITY, BUT IS REPORTED TO BE HOLDING FIRM IN DAVID, CHIRIQUI. PROTEST LEADERS ARE CALLING FOR MASS DEMONSTRATION EVENING OF JANUARY 23, BUT SOURCE CLOSE TO PROTEST CONFIDED TO US THAT THEY ARE BEGINNING TO FEAR THAT THEY MAY BE BEING USED BY GOP OR SOME FACTION THEREIN FOR ITS OWN PURPOSES. NUMBER OF LOCAL LABOR AND OTHER INTEREST GROUPS ARE ISSUING STATEMENTS SUPPORTING GOVERNMENT. WHEREAS THE PROTESTING BUSINESSMEN HAVE PRIVATELY TOLD GOP OFFICIALS THAT THEY WOULD STOP ALL PUBLIC DEMONSTRATIONS AND OPPOSITION IF THE EXILEES WERE RETURNED TO PANAMA FOR TRIAL, GOP OFFICIALS, INCLUDING PRESIDENT LAKAS, HAVE ADAMANTLY REFUSED TO CONSIDER THIS WHILE THE BUSINESS SHUT-DOWN AND DEMONSTRATIONS CONTINUE. END SUMMARY

1. ON FRIDAY MORNING JANUARY 23, BUSINESS SHUTDOWN IN PANAMA CITY APPEARED TO BE FADING; SEVERAL BUSINESSES
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OR RETAIL ESTABLISHMENTS WHICH HAD BEEN CLOSED PREVIOUSLY

WERE OPEN AGAIN, AND EVEN PROTEST LEADERS PRIVATELY ADMITTED THAT SHUTDOWN WAS LOSING ITS GRIP. IN KEY BANKING SECTOR, MOST BANKS WERE REPORTED OPEN FOR BUSINESS ON PRETTY MUCH NORMAL BASIS EARLY THIS MORNING, ALTHOUGH WE HAVE HEARD THAT EMPLOYEES OF BANCO CONTINENTAL (WITH WHICH EXILED GUILLERMO FORD WAS AFFILIATED) AND SOME OTHER BANKS WALKED OFF JOB DURING MORNING. FIRST NATIONAL CITY BANK EVACUATED AT AROUND 10:00 AM FOLLOWING BOMB SCARE. WORD AROUND THAT MORE OF THIS AND OTHER ACTS OF SABOTAGE TO DISRUPT BUSINESS ARE EXPECTED. SEVERAL BANKS WERE AGAIN PARALYZED DUE TO LACK OF STAFF (INCLUDING AT LEAST ONE NOT PREVIOUSLY AFFECTED) BY AFTERNOON. FULL MEMBERSHIP OF BANKING ASSOCIATION MET THIS MORNING, AND RECEIVED LETTER FROM BANKING COMMISSION REMINDING BANKS OF OBLIGATION TO PROVIDE SERVICE TO PUBLIC.

2. WE HAVE REPORT THAT BUSINESS SHUTDOWN IS STILL GENERAL IN DAVID, CHIRIQUI, HOWEVER, AND THERE HAVE BEEN REPORTS FROM UNOFFICIAL SOURCES THAT LOCAL AUTHORITIES PLACED CITY UNDER DAYTIME CURFEW YESTERDAY WHICH IS IN EFFECT TODAY AS WELL.

3. PROTEST LEADERS ARE CIRCULATING LEAFLETS ON STREETS THIS MORNING CALLING FOR MASS DEMONSTRATION AT APEDE BUILDING TODAY, FRIDAY, AT 5:00 PM. WE UNDERSTAND THAT AT THIS TIME, PROTEST LEADERS WILL DISTRIBUTE COPIES OF EDITORIAL FROM PRESTIGIOUS "EL TIEMPO" OF BOGOTA FOR JANUARY 22 WHICH CONDEMNS GOP ACTIONS.

4. LEADERS OF AMERICAN BUSINESS/BANKING COMMUNITY IN PANAMA MET WITH PRESIDENT LAKAS AT HIS INVITATION FRIDAY MORNING FOR BREAKFAST, AND INQUIRED WHY THIS GROUP HAD BEEN EXILED RATHER THAN JAILED AND TRIED IN PANAMA. SOURCE WHO WAS PRESENT INFORMS US LAKAS RESPONDED THAT HE DID NOT WANT ANY POLITICAL PRISONERS IN PANAMA. LAKAS REPORTEDLY WENT ON THAT HE WOULD LIKE TO SEE EXILEES RETURNED TO PANAMA, BUT THAT BUSINESS PROTEST WOULD HAVE TO CEASE BEFORE GOP COULD CONSIDER THIS STEP.

5. THERE HAS BEEN NO SPECIFIC GOP PUBLIC REACTION TO DIS-
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CUSSION YESTERDAY (REF B). REPORT ON GOVERNMENT TV STATION THAT BUSINESS SHUTDOWN IN DAVID HAD BEEN SETTLED WAS REBUTTED BY ONE OF PROTEST LEADERS ON RADIO EXITOSA FRIDAY MORNING. OVERALL SITUATION IN PANAMA CITY REMAINS CALM, WITH NO UNDUE NATIONAL GUARD PRESENCE NOTED ON STREETS.

6. DURING PAST SEVERAL DAYS, NUMEROUS LABOR UNIONS AND INTEREST GROUPS RESPONSIVE TO GOP OR NORMALLY IN SYMPATHY

WITH IT HAVE ISSUED DECLARATIONS OR STATEMENTS CONDEMNING PROTEST AND SUPPORTING GOP IN ISSUE. MOST LABOR DECLARATIONS HAVE SPECIFICALLY CONDEMNED EMPLOYER BUSINESS SHUTDOWN AND CALLED ON WORKERS TO RESIST MANAGERIAL EFFORT TO CLOSE. BULK OF THESE STATEMENTS SO FAR HAVE COME FROM UNIONS AFFILIATED WITH OR SYMPATHETIC TO COMMUNIST-CONTROLLED CNTP, WHICH IS A NORMALLY RESPONSIVE SOURCE FOR GOP SOLICITATION OF EXPRESSIONS OF LABOR SUPPORT, BUT GOP IS CONTINUING TO PRESS FOR STATEMENTS FROM OTHER ORGANIZATIONS. SIMILAR DECLARATIONS HAVE BEEN ISSUED BY SEVERAL STUDENT GROUPS, AND BY 9TH OF JANUARY MARTYRS' MOVEMENT. WHILE SOME OF THESE HAVE GENERALLY SOUGHT TO LINK BUSINESS PROTEST WITH AMERICAN GOVERNMENT, "UNCLE SAM" OR CIA, ONLY ONE (DECLARATION ISSUED BY A COMMUNIST-AFFILIATED UNION ON JANUARY 21) MADE A SINGLE DIRECT REFERENCE TO INTERVENTION OF USG "THROUGH MEDIUM OF AMERICAN EMBASSY" IN THIS MATTER.

7. SOURCE CLOSE TO LEADERS OF PROTEST CONFIDED TO US TODAY THAT PROTEST LEADERS ARE BEGINNING TO SUSPECT ULTERIOR GOP MOTIVE FOR RELATIVE FREEDOM WHICH GOP HAS OFFERED THEM TO OPERATE, EG. THERE HAS BEEN NO POLICE EFFORT TO ENTER APEDE BUILDING, NOR TO KEEP PEOPLE AWAY FROM NIGHTLY RALLIES THERE, TELEPHONES IN BUILDING HAVE NOT BEEN CUT OFF, ETC. SOURCE WONDERED WHETHER ENTIRE AFFAIR MIGHT HAVE BEEN COOKED UP BY LEFTISTS WITHIN GOVERNMENT TO EMBARRASS PRESIDENT LAKAS AND PERHAPS FORCE TORRIJOS TO REMOVE HIM IN FAVOR OF VICE-PRESIDENT GONZALEZ, WHO IS MORE SYMPATHETIC TO LEFT-BUSINESS COMMUNITY WOULD VIEW SUCH A DEVELOPMENT AS HIGHLY UNDERSIRABLE. SOURCE REPORTED THAT WHILE GOP CONTACTS WITH PROTEST LEADERS WERE CONTINUING THROUGH VARIETY OF CHANNELS, LATTER HAVE SEEN NO EVIDENCE AS YET OF ANY GOP WILLINGNESS TO FOLLOW-UP ON VICE PRESIDENT'S STATEMENTS OF YESTERDAY AND SEEK A SOLUTION, FOR WHICH CONFIDENTIAL

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PROTEST LEADERS CONSIDER RETURN OF EXILEES TO PANAMA AS A SINE QUA NON. GOP OFFICIALS HAVE TOLD EMBASSY OFFICER THAT ONLY AFTER ALL PUBLIC DISTURBANCES AND OPPOSITION IS STOPPED, WILL THE GOVERNMENT PERMIT THE EXILEES TO RETURN.
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